

**MINUTES OF THE  
NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE  
January 29, 2004  
Room 305, State Capitol**

**MEMBERS PRESENT:** Sen. Thomas Hatch, Co-Chair  
Sen. Parley Hellewell  
Rep. Craig W. Buttars  
Rep. Ben C. Ferry  
Rep. James R. Gowans  
Rep. Michael Noel  
Rep. Darin G. Peterson  
Rep. Michael R. Styler  
Rep. R. Curt Webb

**MEMBERS ABSENT:** Rep. David Ure, Co-Chair  
Sen. Ron Allen  
Rep. Carl W. Duckworth

**STAFF:** Steven Allred, Fiscal Analyst  
Cindy Hopkin, Committee Secretary

**SPEAKERS:** Richard Allis, Director, Utah Geological Survey  
John Kingsley, Assoc. Dir. of Finance, Utah Geological Survey  
Jerry Olds, State Engineer, Director, Division of Water Rights  
Dennis Carroll, Finance Manager, Division of Water Rights

**Note:** A list of visitors and a copy of handouts are filed with the committee minutes.

Sen. Hatch called the meeting to order at 2:18 p.m.

**MOTION:** Sen. Hellewell moved to approve the minutes of January 28, 2004. The motion passed unanimously with Sen. Allen, Rep. Ure, Rep. Duckworth, Rep. Ferry and Rep. Noel absent for the vote.

Rick Allis, assisted by John Kingsley, presented information to the committee about Utah Geological Survey (UGS) funding and highlights of their five main programs.

Mr. Allis stated that his department has three main sources of funding; the General Fund (which is now down to about 47 percent of their total, as a result of cutbacks of close to \$300,000), Federal Mineral Lease, and federal funds and dedicated credits.

Mr. Allis presented program highlights from:  
Geologic Information and Outreach, Energy and Minerals, Geologic Mapping, Environmental Sciences, and Geologic Hazards.

Steven Allred, Fiscal Analyst, presented the committee with an overview of the FY 2005 UGS budget (Tab 12).

Mr. Allred reported on the federal mineral lease receipts which are a crucial part of the division's revenue. In FY 2001, the mineral lease receipts jumped to \$1,197,900 or 24 percent of division revenues. There was another peak in FY 2003 that brought in \$912,000 and \$200,000 was used toward paying off the division's Core Sample Library. The estimate for FY 2004 is down to just under \$800,000.

Mr. Allred did not recommend any changes to the FY 2005 budget. However, groundwater resources have become critical in demand as Utah's population continues to grow. Years of drought have caused aquifers to decline and dissolved contaminants to increase. Therefore, should additional General Funds become available, Mr. Allred recommends an increase of \$116,500 for groundwater monitoring.

Mr. Allred recommended a total budget of \$4,228,300 for the Utah Geological Survey of which \$2,107,100 is from the General Fund.

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Jerry Olds, introduced the budget for the Division of Water Rights..

Mr. Olds stated that the Division of Water Rights is a regulatory agency for water distribution in the State of Utah. Their budget is approximately \$5.8M from the General Fund, \$175,000 from sales tax and \$150,000 from Dedicated Credits from the fees collected for advertising. He reminded the committee that the Division of Water Rights is appropriated \$175,000 of the sales tax funding. This money is used to fund their adjudication program.

Mr. Olds requested of the committee permission to carry over funds with a maximum of \$150,000. They have discussed this with the Governor and it is in her FY 2005 budget recommendations.

As State Engineer, Mr. Olds makes about 5,000 decisions per year; every one of which are reviewable by court. In the court arena, he needs to be able to defend those decisions. Data collection, therefore, is vital to his ability to do his job.

A concern of Mr. Olds' division is the increasing cost of doing business. Even though they are not getting additional funding, they are seeing rate increases in rent, motor pool, travel, and other related expenses.

On the fee schedule, regarding the applications that are approved for a fixed time; there is no filing fee if someone requests an extension of that application. He proposes that the committee look into assessing a fee for that. Also in regards to notification of sewage reuse, there is no fee,

but the State Engineer is required to publish notice of that in the newspaper, so it does cost them money. Those applications are time consuming and expensive; so Mr. Olds suggests a filing fee of \$750 to be associated with those to go into their Dedicated Credit account to be used to pay for advertising costs.

Mr. Olds reports that in regards to employee compensation, they have lost some staff recently, mostly for economic reasons.

Mr. Olds reported back to the committee on the changing of the advertising of legal notices. This was a bill Rep. Styler sponsored last year that simplified public notices in the newspaper. They implemented that in May of 2003 which abbreviated the space required for those notices and as a result they saw a reduction in cost.

Mr. Allred reported on the budget for the Division of Water Rights. This division is responsible for the general administrative supervision of the waters of the state and the measurement, appropriation, apportionment, and distribution of those waters. As a part of its duties it oversees dam safety stream channel alterations and water well drilling. As a regulatory agency, the division is funded almost entirely with General Funds. In FY 2003 the division lapsed \$93,000 back to the General Fund. Of this amount, \$46,000 was originally General Fund and the remaining \$47,000 was Dedicated Credits collections in excess of 125 percent of the appropriation and therefore required to lapse to the General Fund.

The DNR and the Attorney General's Office have agreed to transfer one employee from the DNR payroll to the AG payroll. Since the employee's work is divided among six divisions, each affected division will transfer \$6,800. Mr. Allred recommends the Legislature approve the transfer.

Mr. Allred recommended a total budget of \$6,102,600 for the Division of Water Rights, of which \$5,777,600 is from the General Fund.

Mr. Allred also recommended discontinuing intent language requiring a minimum amount of information in water application advertisement.

MOTION: Rep. Gowans moved to adjourn. The motion passed unanimously with Sen. Allen, Rep. Ure, and Rep. Duckworth absent for the vote.



